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UNCLAS VIENNA 000614

SIPDIS

TREASURY FOR OASIA/ICB/VIMAL ATUKORALA  
TREASURY ALSO FOR OCC/EILEEN SIEGEL  
TREASURY ALSO PASS FEDERAL RESERVE  
SECDEF FOR OSD/ISP/EUR  
USDOC PASS TO OITA  
USDOC FOR 4212/MAC/EUR/OWE/PDACHER  
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E.O. 12958: N/A

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SUBJECT: GOA PRESENTS 2006 BUDGET TO PARLIAMENT

Ref: 04 Vienna 4146

1. On March 2, Austrian Finance Minister Karl-Heinz Grasser presented the 2006 budget bill to parliament. For 2006, the GoA forecasts federal budget revenues of Euro 60.4 billion (USD 78.5 billion at the current exchange rate of USD 1.30 for Euro 1.00), expenditures of Euro 66.2 billion (USD 86.1 billion), and a deficit of Euro 5.8 billion (USD 7.5 billion). The budget deficit amounts to 2.2% of projected GDP. The GoA projects a corresponding consolidated public sector budget deficit in 2006 (EMU's Maastricht definition) at 1.7%, which assumes that states, local communities and other public bodies will produce a surplus of 0.5% of GDP. The GoA still expects to return to a balanced budget in 2008. According to GoA projections, the consolidated public sector debt (encompassing all levels of government, according to the EMU's Maastricht definition) will decline to 62.8% of GDP at the end of 2006 from around 64% at the end of 2005. The 2006 budget bill is based on real GDP growth of 2.5%.

2. The GOA had already prepared the 2006 budget bill together with the 2005 budget last fall (reftel), but for constitutional reasons did not disclose any details at that time.

3. On March 3, parliament's plenary will hold a first discussion of the bill. Starting March 8, parliament's Budget Committee will discuss the various budget chapters in detail, culminating in a final vote on the 2006 budget scheduled for April 7. Embassy will provide more information on the 2006 budget, including reactions, as soon as details emerge.

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